

BREMER COUNTY, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2010

BREMER COUNTY, IOWA

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BREMER COUNTY, IOWA

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Steven Reuter	Board of Supervisors	January 2013
Ken Kammeyer	Board of Supervisors	January 2013
Gaylord Hinderaker	Board of Supervisors	January 2011
Shelley Wolf	County Auditor	January 2013
Sue Shonka	County Treasurer	January 2011
Donna Ellison	County Recorder	January 2011
Duane Hildebrandt	County Sheriff	January 2013
Kasey Wadding	County Attorney	January 2011
Jean Keller	County Assessor	Appointed
Cathy Tholkes	County Finance	Appointed

## INDEPENDENT AUDITOR'S REPORT

To the Officials of Bremer County, Iowa:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents. These financial statements are the responsibility of Bremer County, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa at June 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2011 on our consideration of Bremer County, Iowa's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 3 through 7 and 36 through 39 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bremer County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the four years ended June 30, 2009 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the five years ended June 30, 2005 (which are not presented herein) were audited by other auditors, who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
March 31, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Bremer County, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### 2010 FINANCIAL HIGHLIGHTS

- ◆ County governmental activities revenue increased 1.5%, or \$232,153 from 2009 to 2010.
- ◆ Program expenses of the County's governmental activities were 15.5%, or \$2,031,209, less in 2010 than in 2009.
- ◆ The County's governmental activities net assets increased 16.3%, or \$4,451,802, during the year ended June 30, 2010.

### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Bremer County, Iowa as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Bremer County, Iowa's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Bremer County, Iowa acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Other Supplementary Information provides detailed information about the nonmajor governmental and the individual agency funds.

### REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

#### Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are presented in the Statement of Net Assets and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities.

### Fund Financial Statements

The County has three kinds of funds:

1. Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, 3) the Debt Service Fund, and 4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2. Proprietary funds are used to account for the County's Internal Service, Employee Group Health Insurance Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

In addition, proprietary funds account for the County's Enterprise Fund, Community Based Services. This fund reports services for which the County charges customers for the services it provides. Enterprise Funds are reported in the same way all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund financial statements. The County is responsible for ensuring the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

3. Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for drainage districts, emergency management services, and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a statement of fiduciary assets and liabilities.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in net assets for governmental activities.

### Net Assets of Governmental Activities

	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 19,921,941	\$ 18,728,311
Capital assets	<u>24,893,136</u>	<u>22,430,197</u>
Total assets	<u>44,815,077</u>	<u>41,158,508</u>
Long-term debt outstanding	5,870,571	6,108,342
Other liabilities	<u>7,157,974</u>	<u>7,715,436</u>
Total liabilities	<u>13,028,545</u>	<u>13,823,778</u>
Net assets:		
Invested in capital assets, net of related debt	22,058,136	19,430,197
Restricted	8,297,867	7,131,662
Unrestricted	<u>1,430,529</u>	<u>772,871</u>
Total net assets	\$ <u>31,786,532</u>	\$ <u>27,334,730</u>

Net assets of the County's governmental activities increased by 16.3% (\$31,786,532 compared to \$27,334,730). The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, intangibles, buildings, and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased from \$772,871 at June 30, 2009 to \$1,430,529 at the end of this year, an increase of 85.1%.

### Changes in Net Assets of Governmental Activities

	<u>2010</u>	<u>2009</u>
Revenues:		
Program revenues:		
Charges for service	\$ 2,168,339	\$ 2,387,064
Operating grants, contributions and restricted interest	7,504,876	7,274,889
General revenues:		
Property and other County tax	4,986,233	4,967,555
Unrestricted investment earnings	228,696	150,398
Other general revenues	<u>616,947</u>	<u>493,032</u>
Total revenues	<u>15,505,091</u>	<u>15,272,938</u>
Program expenses:		
Public safety and legal services	3,089,621	3,018,857
Physical health and social services	476,410	601,355
Mental health	2,017,483	2,250,684
County environment and education	803,294	1,286,654
Roads and transportation	2,248,077	3,453,908
Governmental services to residents	642,054	606,769
Administration	1,502,127	1,499,288
Nonprogram	74,909	142,789
Interest on long-term debt	199,314	215,584
Capital projects	-	8,610
Total expenses	<u>11,053,289</u>	<u>13,084,498</u>
Change in net assets	4,451,802	2,188,440
Net assets – Beginning of year, as restated	<u>27,334,730</u>	<u>25,146,290</u>
Net assets – End of year	\$ <u>31,786,532</u>	\$ <u>27,334,730</u>

The results of governmental activities for the year resulted in Bremer County, Iowa's net assets increasing by \$4,451,802. Revenues for governmental activities increased by \$232,153 from the prior year. This increase was due primarily to an increase in other general revenues received during the current year in comparison to the prior year.

The cost of all governmental activities this year was \$11,053,289 compared to \$13,084,498 last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities through County taxes was \$1,380,074 because some of the cost was paid by those directly benefited from the programs (\$2,168,339) or by other governments and organizations that subsidized certain programs with grants and contributions (\$7,504,876).

#### **Business Type Activities**

The enterprise fund is used to account for the operation of mental health facilities for Bremer County, Iowa residents through the rental and use of County owned homes, apartment buildings, and the support of various user charges. During the fiscal year ended June 30, 2010, net assets increased by \$62,513. Revenues increased 47.1% primarily in charges for services. Expenses were 37.2% more than the prior year, mainly because of increases in operations expenses and supplies.

#### **INDIVIDUAL MAJOR FUND ANALYSIS**

As the County completed the year, its governmental funds reported a combined fund balance of \$12,685,820, which is an increase of \$1,914,444 from last year's total of \$10,771,376.

- General Fund revenues decreased by 5.7% and expenditures increased by 3.7% when compared to the prior year. The ending fund balance showed an increase from the prior year of \$530,568 from \$3,915,860 to \$4,446,428.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled \$2,005,729, a decrease of 9.6% from the prior year. The Mental Health Fund balance at year end increased by \$227,062 from the prior year.
- Rural Services Fund revenues increased 4.6% while expenditures increased 1.7%. The Rural Services Fund balance increased by \$12,187 from the prior year.
- Solid Waste Management Fund revenues and expenses decreased by 44.1% and 4.6%, respectively. The Solid Waste Management Fund balance increased by \$112,008 from the prior year.
- Secondary Roads Fund revenues increased by \$105,470 from the prior year. There was an increase in the Secondary Roads Fund ending balance of \$315,346, or 44.7%.
- The Solid Waste Closure Fund balance increased \$9,046 from the prior year to \$1,513,443.
- The Community Based Services, net assets balance increased \$62,513 from the prior year to \$420,976 due in part to an increase in revenues.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year, Bremer County, Iowa amended its budget twice. The last amendment was made on May 26, 2010 and resulted in an increase in budgeted revenues and disbursements in certain County departments.

#### **CAPTIAL ASSETS AND DEBT ADMINISTRATION**

##### **Capital Assets**

At June 30, 2010, Bremer County, Iowa had \$24,893,136 invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads and bridges and intangible assets. This net increase (including additions, deletions and depreciation) of \$2,462,939 or 10.9% over last year. The majority of this increase was due to infrastructure additions.



### Capital Assets of Governmental Activities at Year End

	<u>2010</u>	<u>2009</u>
Land	\$ 1,348,642	\$ 1,313,404
Buildings, improvements and construction in progress (net)	7,848,796	7,642,496
Machinery and equipment (net)	1,193,814	1,429,852
Infrastructure (net)	<u>14,501,884</u>	<u>12,044,445</u>
Totals	\$ <u>24,893,136</u>	\$ <u>22,430,197</u>
The year's major additions included:		
Land	\$ 35,238	\$ 30,000
Roads and bridges and construction in progress	3,128,156	1,199,273
Machinery and equipment	91,949	145,148
Buildings and improvements	<u>438,458</u>	<u>-</u>
	\$ <u>3,693,801</u>	\$ <u>1,374,421</u>

The County had depreciation/amortization expense of \$1,230,862 for the year ended June 30, 2010 and total accumulated depreciation/amortization as of June 30, 2010 of \$20,141,451. Additional information about the County's capital assets is presented in Note 5 to the financial statements.

#### Long-term Debt

At June 30, 2010, Bremer County had \$5,870,571 in bonds and other debt outstanding compared to \$6,108,342 at June 30, 2009, as shown below.

### Outstanding Debt of Governmental Activities at Year-End

	<u>2010</u>	<u>2009</u>
General obligation notes and bonds	\$ 4,605,000	\$ 4,870,000
Closure and post closure cost estimate	685,400	707,550
Net OPEB liability	83,604	41,561
Early retirement benefits	14,757	-
Compensated absences	<u>481,810</u>	<u>489,231</u>
Totals	\$ <u>5,870,571</u>	\$ <u>6,108,342</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below its constitution debt limit of \$45,146,488. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Bremer County, Iowa's elected and appointed officials and citizens considered many factors when setting the fiscal year 2011 budget, tax rates, and the fees that will be charged for the various County activities. One of those factors is the economy. Unemployment (August 2010) in the County now stands at 5.5% versus 5.4% a year ago. This compares with the State's unemployment rate of 6.8% and the national rate of 9.6%.

Inflation in the State is slightly higher than the national Consumer Price Index increase. The State's CPI increase was 2.6% for fiscal year 2010 compared with the national increase of 2.3%.

These indicators were taken into account when adopting the budget for fiscal year 2011. Amounts available for appropriation in the operating budget are \$533,313 more than the final 2010 budget. Budgeted disbursements are expected to increase by \$686,183 compared to the final 2010 budget. The County has added no major new programs or initiatives to the 2011 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease \$1,329,538 by the close of fiscal year 2011.

### CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of Bremer County, Iowa's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bremer County Auditor's Office, 415 East Bremer Avenue, Waverly, Iowa 50677.

BREMER COUNTY, IOWA  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Governmental Activities	Business Type Activities	Total
<u>ASSETS:</u>			
Cash and pooled investments	\$ 12,695,524	\$ 93,170	\$ 12,788,694
Receivables:			
Property tax:			
Delinquent	23,029	-	23,029
Succeeding year	6,353,893	-	6,353,893
Accounts	120,258	107,704	227,962
Accrued interest	7,813	-	7,813
Due from other governments	331,572	163,522	495,094
Inventories	330,162	-	330,162
Prepaid expenses	59,690	11,208	70,898
Lease receivable	-	7,620	7,620
Capital assets (net of accumulated depreciation)	24,893,136	269,366	25,162,502
Notes receivable	-	56,000	56,000
Total assets	<u>44,815,077</u>	<u>708,590</u>	<u>45,523,667</u>
<u>LIABILITIES:</u>			
Accounts payable	444,360	135,115	579,475
Accrued interest payable	15,636	-	15,636
Salaries and benefits payable	194,024	41,148	235,172
Due to other governments	150,061	-	150,061
Deferred revenue:			
Succeeding year property tax	6,353,893	-	6,353,893
Other	-	16,232	16,232
Long-term liabilities:			
Portion due or payable within one year:			
General obligation bonds	275,000	-	275,000
Early retirement benefits	14,757	-	14,757
Compensated absences	481,810	66,337	548,147
Portion due or payable after one year:			
General obligation bonds	4,330,000	-	4,330,000
Closure and postclosure costs	685,400	-	685,400
Net OPEB liability	83,604	28,782	112,386
Total liabilities	<u>13,028,545</u>	<u>287,614</u>	<u>13,316,159</u>
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	22,058,136	269,366	22,327,502
Restricted for:			
Supplemental levy purposes	58,475	-	58,475
Mental health purposes	1,096,157	-	1,096,157
Secondary roads purposes	1,021,232	-	1,021,232
Closure and postclosure care costs	1,513,443	-	1,513,443
Capital projects	152,525	-	152,525
Other purposes	4,456,035	-	4,456,035
Unrestricted	1,430,529	151,610	1,582,139
Total net assets	<u>\$ 31,786,532</u>	<u>\$ 420,976</u>	<u>\$ 32,207,508</u>

See Notes to Financial Statements

BREMER COUNTY, IOWA

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010

		<u>Program Revenues</u>		
			<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
	<u>Expenses</u>	<u>Charges for Service</u>		
<u>FUNCTIONS/PROGRAMS:</u>				
Governmental activities:				
Public safety and legal services	\$ 3,089,621	\$ 823,729	\$ 5,452	\$ -
Physical health and social services	476,410	72,131	-	-
Mental health	2,017,483	-	2,231,568	-
County environment and education	803,294	299,414	438,120	575,897
Roads and transportation	2,248,077	157,515	3,608,155	521,352
Governmental services to residents	642,054	719,568	124,332	-
Administration	1,502,127	95,982	-	-
Nonprogram	74,909	-	-	-
Interest on long-term debt	199,314	-	-	-
Total governmental activities	11,053,289	2,168,339	6,407,627	1,097,249
Business type activities:				
Mental health	2,808,279	2,819,727	-	-
Total	\$ 13,861,568	\$ 4,988,066	\$ 6,407,627	\$ 1,097,249

GENERAL REVENUES:

Property and other County tax levied for:  
General purposes  
Penalty and interest on property tax  
State tax credits  
Local option sales tax  
Unrestricted investment earnings  
Gain on disposal of capital assets  
Miscellaneous  
Total general revenues

Change in net assets

NET ASSETS - Beginning of year, as restated

NET ASSETS - End of year

Net (Expense) Revenues  
and Changes in Net Assets

Governmental Activities	Business Type Activities	Total
\$ (2,260,440)	\$ -	\$ (2,260,440)
(404,279)	-	(404,279)
214,085	-	214,085
510,137	-	510,137
2,038,945	-	2,038,945
201,846	-	201,846
(1,406,145)	-	(1,406,145)
(74,909)	-	(74,909)
(199,314)	-	(199,314)
<u>(1,380,074)</u>	<u>-</u>	<u>(1,380,074)</u>
 -	 11,448	 11,448
<u>(1,380,074)</u>	<u>11,448</u>	<u>(1,368,626)</u>
 4,103,992	 -	 4,103,992
49,598	-	49,598
156,895	-	156,895
882,241	-	882,241
228,696	8	228,704
200,975	-	200,975
209,479	51,057	260,536
<u>5,831,876</u>	<u>51,065</u>	<u>5,882,941</u>
 4,451,802	 62,513	 4,514,315
<u>27,334,730</u>	<u>358,463</u>	<u>27,693,193</u>
\$ <u>31,786,532</u>	\$ <u>420,976</u>	\$ <u>32,207,508</u>

BREMER COUNTY, IOWA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010

				Special Revenue
	<u>General</u>	<u>MH-DD</u>	<u>Rural</u> <u>Services</u>	<u>Solid Waste</u> <u>Management</u>
<u>ASSETS</u>				
Cash and pooled investments	\$ 4,458,274	\$ 1,262,406	\$ 209,773	\$ 1,749,571
Receivables:				
Property tax:				
Delinquent	13,558	3,663	5,808	-
Succeeding year	3,848,808	844,348	1,660,737	-
Accounts	105,406	5,768	-	3,476
Due from other governments	21,993	44,403	-	-
Inventories	-	-	-	-
Prepaid expenses	<u>34,859</u>	<u>-</u>	<u>-</u>	<u>3,026</u>
 TOTAL ASSETS	 \$ <u>8,482,898</u>	 \$ <u>2,160,588</u>	 \$ <u>1,876,318</u>	 \$ <u>1,756,073</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 43,198	\$ 66,778	\$ -	\$ 3,398
Salaries and benefits payable	125,506	10,184	5,542	3,400
Due to other governments	5,400	139,458	-	5,203
Deferred revenue:				
Succeeding year property tax	3,848,808	844,348	1,660,737	-
Other	<u>13,558</u>	<u>3,663</u>	<u>5,808</u>	<u>-</u>
Total liabilities	<u>4,036,470</u>	<u>1,064,431</u>	<u>1,672,087</u>	<u>12,001</u>
 <u>FUND BALANCES:</u>				
Reserved for:				
Supplemental levy purposes	58,475	-	-	-
Closure and postclosure costs	-	-	-	-
Unreserved, reported in:				
General fund	4,387,953	-	-	-
Special revenue funds	-	1,096,157	204,231	1,744,072
Capital projects fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>4,446,428</u>	<u>1,096,157</u>	<u>204,231</u>	<u>1,744,072</u>
 TOTAL LIABILITIES AND FUND BALANCES	 \$ <u>8,482,898</u>	 \$ <u>2,160,588</u>	 \$ <u>1,876,318</u>	 \$ <u>1,756,073</u>

<u>Secondary Roads</u>	<u>Solid Waste Closure</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ 762,793	\$ 1,514,447	\$ 2,433,360	\$ 12,390,624
-	-	-	23,029
-	-	-	6,353,893
4,284	-	1,295	120,229
-	-	265,176	331,572
330,162	-	-	330,162
<u>21,805</u>	<u>-</u>	<u>-</u>	<u>59,690</u>
\$ <u>1,119,044</u>	\$ <u>1,514,447</u>	\$ <u>2,699,831</u>	\$ <u>19,609,199</u>
\$ 48,420	\$ 1,004	\$ 39,574	\$ 202,372
49,392	-	-	194,024
-	-	-	150,061
-	-	-	6,353,893
-	-	-	23,029
<u>97,812</u>	<u>1,004</u>	<u>39,574</u>	<u>6,923,379</u>
-	-	-	58,475
-	1,513,443	-	1,513,443
-	-	-	4,387,953
1,021,232	-	2,507,732	6,573,424
-	-	152,525	152,525
<u>1,021,232</u>	<u>1,513,443</u>	<u>2,660,257</u>	<u>12,685,820</u>
\$ <u>1,119,044</u>	\$ <u>1,514,447</u>	\$ <u>2,699,831</u>	\$ <u>19,609,199</u>

BREMER COUNTY, IOWA

RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2010

TOTAL GOVERNMENTAL FUND BALANCES	\$ 12,685,820
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AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE  
STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$45,034,587 and the accumulated depreciation/amortization is \$20,141,451.	24,893,136
--	------------

Other assets are not available to pay for current period expenditures and, therefore, are not recorded in the funds.	7,813
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Other revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds.	23,029
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The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to the individual funds. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Assets.	62,941
--	--------

Long-term liabilities, including bonds payable, compensated absences payable, closure and postclosure care costs, net OPEB liability and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(5,886,207)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>31,786,532</u>
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BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

				<u>Special Revenue</u>
	<u>General</u>	<u>MH-DD</u>	<u>Rural Services</u>	<u>Solid Waste Management</u>
<b><u>REVENUES:</u></b>				
Property and other County tax	\$ 4,106,194	\$ 1,109,404	\$ 1,665,429	\$ -
Interest and penalty on property tax	49,598	-	-	-
Intergovernmental	1,303,294	1,091,134	65,508	1,449
Licenses and permits	306,155	-	-	-
Charges for service	534,006	-	-	94,665
Use of money and property	512,703	-	-	9,312
Miscellaneous	<u>177,368</u>	<u>32,253</u>	<u>141</u>	<u>4,994</u>
Total revenues	<u>6,989,318</u>	<u>2,232,791</u>	<u>1,731,078</u>	<u>110,420</u>
<b><u>EXPENDITURES:</u></b>				
Operating:				
Public safety and legal services	2,634,021	-	233,873	-
Physical health and social services	562,968	-	-	-
Mental health	-	2,005,729	-	-
County environment and education	689,744	-	167,467	196,087
Roads and transportation	-	-	-	-
Governmental services to residents	601,034	-	-	-
Administration	1,568,200	-	2,239	-
Nonprogram	74,016	-	-	-
Debt service	-	-	-	-
Capital projects	<u>153,329</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,283,312</u>	<u>2,005,729</u>	<u>403,579</u>	<u>196,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>706,006</u>	<u>227,062</u>	<u>1,327,499</u>	<u>(85,667)</u>
Other financial sources (uses):				
Sale of capital assets	3,000	-	-	197,675
Transfers in	8,000	-	-	-
Transfers out	<u>(186,438)</u>	<u>-</u>	<u>(1,315,312)</u>	<u>-</u>
Total other financing sources (uses)	<u>(175,438)</u>	<u>-</u>	<u>(1,315,312)</u>	<u>197,675</u>
Net change in fund balances	530,568	227,062	12,187	112,008
<b><u>FUND BALANCES</u></b> - Beginning of year	<u>3,915,860</u>	<u>869,095</u>	<u>192,044</u>	<u>1,632,064</u>
<b><u>FUND BALANCES</u></b> - End of year	\$ <u>4,446,428</u>	\$ <u>1,096,157</u>	\$ <u>204,231</u>	\$ <u>1,744,072</u>

See Notes to Financial Statements



<u>Secondary Roads</u>	<u>Solid Waste Closure</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
\$ -	\$ -	\$ 1,051,694	\$ 7,932,721
-	-	-	49,598
2,399,951	-	477,481	5,338,817
4,535	-	-	310,690
31	-	4,856	633,558
-	24,259	45,952	592,226
152,948	-	126,200	493,904
<u>2,557,465</u>	<u>24,259</u>	<u>1,706,183</u>	<u>15,351,514</u>
-	-	2,172	2,870,066
-	-	-	562,968
-	-	-	2,005,729
-	15,213	40,054	1,108,565
3,709,169	-	-	3,709,169
-	-	46,301	647,335
-	-	-	1,570,439
-	-	-	74,016
-	-	465,060	465,060
-	-	471,369	624,698
<u>3,709,169</u>	<u>15,213</u>	<u>1,024,956</u>	<u>13,638,045</u>
<u>(1,151,704)</u>	<u>9,046</u>	<u>681,227</u>	<u>1,713,469</u>
300	-	-	200,975
1,466,750	-	324,560	1,799,310
-	-	(297,560)	(1,799,310)
<u>1,467,050</u>	<u>-</u>	<u>27,000</u>	<u>200,975</u>
315,346	9,046	708,227	1,914,444
<u>705,886</u>	<u>1,504,397</u>	<u>1,952,030</u>	<u>10,771,376</u>
\$ <u>1,021,232</u>	\$ <u>1,513,443</u>	\$ <u>2,660,257</u>	\$ <u>12,685,820</u>

BREMER COUNTY, IOWA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,914,444

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE  
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation/amortization expense in the current year as follows:

Expenditures for capital assets	\$ 3,693,801	
Depreciation/amortization expense	<u>(1,230,862)</u>	2,462,939

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Principal payments		265,000
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Because some revenues will not be collected for several months after the County's year end, they are not considered available and are excluded from the governmental funds, as follows:

Property tax	\$ (4,390)	
Interest	<u>(43,009)</u>	(47,399)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Net OPEB liability	\$ (42,043)	
Closure and postclosure costs	22,150	
Early retirement benefits	(14,757)	
Compensated absences	7,421	
Interest on long-term debt	<u>746</u>	(26,483)

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health benefit plan to the individual funds. The change in net assets of the Internal Service Fund is reported with the governmental activities.

(116,699)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 4,451,802

## BREMER COUNTY, IOWA

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 JUNE 30, 2010

	Internal Service Employee Group Health	Enterprise Community Based Services	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 304,900	\$ 93,170	\$ 398,070
Receivables:			
Accounts	29	107,704	107,733
Due from other governments	-	163,522	163,522
Prepaid expenses	-	11,208	11,208
Lease receivable	-	7,620	7,620
Capital assets	-	618,106	618,106
Accumulated depreciation	-	(348,740)	(348,740)
Notes receivable	-	56,000	56,000
	<u>304,929</u>	<u>708,590</u>	<u>1,013,519</u>
TOTAL ASSETS			
<u>LIABILITIES:</u>			
Accounts payable	241,988	135,115	377,103
Salaries and benefits payable	-	41,148	41,148
Accrued compensated absences	-	66,337	66,337
Deferred revenue	-	16,232	16,232
Net OPEB obligation	-	28,782	28,782
	<u>241,988</u>	<u>287,614</u>	<u>529,602</u>
TOTAL LIABILITIES			
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	-	269,366	269,366
Unrestricted	62,941	151,610	214,551
	<u>62,941</u>	<u>420,976</u>	<u>483,917</u>
TOTAL NET ASSETS	\$ 62,941	\$ 420,976	\$ 483,917

BREMER COUNTY, IOWA

STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2010

	<u>Internal Service Employee Group Health</u>	<u>Enterprise Community Based Services</u>	<u>Total</u>
<b><u>OPERATING REVENUES:</u></b>			
Reimbursements from operating funds	\$ 1,064,256	\$ -	\$ 1,064,256
Reimbursements from employees	103,313	-	103,313
Charges for service	-	2,819,727	2,819,727
Building rent	-	51,057	51,057
Miscellaneous	313,103	-	313,103
Total operating revenues	<u>1,480,672</u>	<u>2,870,784</u>	<u>4,351,456</u>
<b><u>OPERATING EXPENSES:</u></b>			
Medical claims	1,266,806	-	1,266,806
Insurance premiums	289,419	-	289,419
Administrative fees	44,325	-	44,325
Salaries and benefits	-	1,502,424	1,502,424
Operations and supplies	-	1,283,264	1,283,264
Depreciation	-	22,591	22,591
Total operating expenses	<u>1,600,550</u>	<u>2,808,279</u>	<u>4,408,829</u>
Operating income (loss)	(119,878)	62,505	(57,373)
<b><u>NONOPERATING REVENUES:</u></b>			
Interest on investments	<u>3,179</u>	<u>8</u>	<u>3,187</u>
Net income (loss)	(116,699)	62,513	(54,186)
Net assets beginning of year, as restated	<u>179,640</u>	<u>358,463</u>	<u>538,103</u>
Net assets end of year	\$ <u>62,941</u>	\$ <u>420,976</u>	\$ <u>483,917</u>

## BREMER COUNTY, IOWA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND  
 YEAR ENDED JUNE 30, 2010

	Internal Service Employee Group Health	Enterprise Community Based Services	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from operating fund reimbursements, employees and others	\$ 1,480,725	\$ 2,789,341	\$ 4,270,066
Cash payments to suppliers and employees for services	(1,606,816)	(2,736,086)	(4,342,902)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(126,091)	53,255	(72,836)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Purchase of property and equipment	-	(28,172)	(28,172)
Interest on investments	3,179	8	3,187
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3,179	(28,164)	(24,985)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(122,912)	25,091	(97,821)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of year	427,812	68,079	495,891
<u>CASH AND CASH EQUIVALENTS</u> - End of year	\$ 304,900	\$ 93,170	\$ 398,070
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating income (loss)	\$ (119,878)	\$ 62,505	\$ (57,373)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	22,591	22,591
Decrease (increase) in accounts receivable	53	(51,962)	(51,909)
Increase in due from other governments	-	(11,391)	(11,391)
Increase in prepaid expenses	-	(5,395)	(5,395)
Increase in lease receivable	-	(7,620)	(7,620)
Increase (decrease) in accounts payable	(6,266)	59,910	53,644
Increase in salaries and benefits payable	-	7,282	7,282
Decrease in due to other governments	-	(28,119)	(28,119)
Increase in accrued compensated absences	-	1,450	1,450
Decrease in deferred revenue	-	(10,470)	(10,470)
Increase in net OPEB obligation	-	14,474	14,474
Net cash provided (used) by operating activities	\$ (126,091)	\$ 53,255	\$ (72,836)

BREMER COUNTY, IOWASTATEMENT OF FIDUCIARY ASSETS AND LIABILITIES-AGENCY FUNDSJUNE 30, 2010ASSETS

Cash and pooled investments:		
County Treasurer	\$	1,532,982
Other County officials		44,819
Receivables:		
Accounts		19,593
Property tax receivable:		
Delinquent		178
Succeeding year		21,094,277
		<u>22,691,849</u>
	TOTAL ASSETS	<u>22,691,849</u>

LIABILITIES

Accounts payable		4,564
Due to other governments		22,610,193
Trusts payable		44,819
Salaries and benefits payable		8,396
Compensated absences		23,877
		<u>22,691,849</u>
	TOTAL LIABILITIES	<u>22,691,849</u>
	NET ASSETS	\$ <u>-</u>

## BREMER COUNTY, IOWA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bremer County, Iowa is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Bremer County, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Bremer County, Iowa (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units – The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Ten drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Bremer County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Bremer County Auditor's office.

Jointly Governed Organizations – The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Bremer County Assessor's Conference Board, Bremer County Emergency Management Commission, and Bremer County Joint E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

#### B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Assets presents the County's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in following categories.

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue

The MH-DD Fund is used to account for property tax and other revenues designated to be used to fund mental health, mental retardation, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the County outside of incorporated city areas.

The Solid Waste Management Fund is used to account for retained tonnage fees.

The Secondary Roads Fund is used to account for secondary road construction and maintenance.

The Solid Waste Closure Fund is used to account for the reserves to be used for closure and post closure expenditures of the landfill, when the landfill no longer accepts solid waste.



BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major proprietary fund:

Enterprise Fund

An Enterprise Fund is used to finance and account for the operation of mental health facilities for Bremer County residents through the rental and use of County owned buildings and the support of various user charges.

Additionally, the County reports the following funds:

Proprietary Fund

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursements grant resources to such programs, followed by categorical block grants and then by general revenues.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The proprietary fund of the County applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to the funds for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2008 assessed property valuations; is for the tax accrual period July 1, 2009 through June 30, 2010 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2009.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories – Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than purchased.

Capital Assets – Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	5,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40-50
Building improvements	20-50
Infrastructure	30-50
Intangibles	3-20
Equipment	2-20
Vehicles	3-10

Due to Other Governments – Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable – Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds and property tax receivable not collected within 60 days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and unspent grant proceeds.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences – County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2010. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities – In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Net Assets – The net assets of the Internal Service, Employee Group Health Fund are designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

F. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

NOTE 2: CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 2: CASH AND POOLED INVESTMENTS (Continued)

Investments are stated at fair value.

Interest rate risk – The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

NOTE 3: LOANS RECEIVABLE

The County has \$127,439 available to use for economic development within the County. At June 30, 2010 there are no loans outstanding for economic development.

NOTE 4: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2010 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Conservation Land Acquisition	General Fund	\$ 35,000
Secondary Roads	Rural Services	1,315,312
LOSST Sinking Fund	LOSST	289,560
General Fund	Solid Waste Fee	8,000
Secondary Roads	General Fund	151,438
Total		\$ <u>1,799,310</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 was as follows:

	Balance Beginning of Year	Increases and Transfers	Decreases and Transfers	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,313,404	\$ 35,238	\$ -	\$ 1,348,642
Construction in progress	<u>1,422,207</u>	<u>3,128,156</u>	<u>3,229,638</u>	<u>1,320,725</u>
Total capital assets not being depreciated	<u>2,735,611</u>	<u>3,163,394</u>	<u>3,229,638</u>	<u>2,669,367</u>
Capital assets being depreciated/amortized:				
Buildings	5,705,836	74,262	-	5,780,098
Building improvements	2,047,630	364,196	-	2,411,826
Equipment	6,157,001	32,939	-	6,189,940
Vehicles	1,154,235	59,010	28,392	1,184,853
Infrastructure	<u>23,568,865</u>	<u>3,229,638</u>	<u>-</u>	<u>26,798,503</u>
Total capital assets being depreciated/amortized	<u>38,633,567</u>	<u>3,760,045</u>	<u>28,392</u>	<u>42,365,220</u>
Less accumulated depreciation/amortization for:				
Buildings	1,181,819	85,062	-	1,266,881
Building improvements	351,358	45,614	-	396,972
Equipment	4,922,236	252,504	-	5,174,740
Vehicles	959,148	75,483	28,392	1,006,239
Infrastructure	<u>11,524,420</u>	<u>772,199</u>	<u>-</u>	<u>12,296,619</u>
Total accumulated depreciation/amortization	<u>18,938,981</u>	<u>1,230,862</u>	<u>28,392</u>	<u>20,141,451</u>
Total capital assets being depreciated/amortized, net	<u>19,694,586</u>	<u>2,529,183</u>	<u>-</u>	<u>22,223,769</u>
Governmental activities capital assets, net	\$ <u>22,430,197</u>	\$ <u>5,692,577</u>	\$ <u>3,229,638</u>	\$ <u>24,893,136</u>
Business type activities:				
Buildings and building improvements	\$ 490,388	\$ -	\$ -	\$ 490,388
Furniture, vehicles and equipment	<u>99,546</u>	<u>28,172</u>	<u>-</u>	<u>127,718</u>
	589,934	28,172	-	618,106
Less accumulated depreciation/amortization	<u>326,149</u>	<u>22,591</u>	<u>-</u>	<u>348,740</u>
Business type activities capital assets, net	\$ <u>263,785</u>	\$ <u>5,581</u>	\$ <u>-</u>	\$ <u>269,366</u>

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 213,394
Physical health and social services	16,153
Mental health	3,369
County environment and education	202,783
Roads and transportation	690,311
Governmental services to residents	4,872
Administration	<u>99,980</u>
Total depreciation/amortization expense – governmental activities	\$ <u>1,230,862</u>
Business type activities – depreciation/amortization expense	\$ <u>22,591</u>

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 6: DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 5,400
Special Revenue:		
MH-DD	Services	139,458
Solid Waste Management		<u>5,203</u>
Total for governmental funds		\$ <u>150,061</u>
Agency:		
Schools	Collections	\$ 12,902,240
Corporations		6,501,132
Community Colleges		930,462
Auto License and Use Tax		601,397
County Assessor		736,839
Townships		260,311
Agricultural Extension Education		192,362
All Other		<u>485,450</u>
Total for agency funds		\$ <u>22,610,193</u>

NOTE 7: LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2010 is as follows:

	<u>Net OPEB Liability (as restated)</u>	<u>Estimated Liability for Landfill Closure/Postclosure Care Costs</u>	<u>Early Retirement</u>	<u>Compensated Absences</u>	<u>General Obligation LOSST Bonds</u>	<u>Wartburg General Obligation Economic Development Bonds</u>	<u>Total</u>
Balance beginning of year	\$ 41,561	\$ 707,550	\$ -	\$ 489,231	\$ 3,000,000	\$ 1,870,000	\$ 6,108,342
Increases	42,043	-	14,757	481,810	-	-	538,610
Decreases	-	<u>22,150</u>	-	<u>489,231</u>	<u>165,000</u>	<u>100,000</u>	<u>776,381</u>
Balance end of year	\$ <u>83,604</u>	\$ <u>685,400</u>	\$ <u>14,757</u>	\$ <u>481,810</u>	\$ <u>2,835,000</u>	\$ <u>1,770,000</u>	\$ <u>5,870,571</u>
Due within one year	\$ -	\$ -	\$ <u>14,757</u>	\$ <u>481,810</u>	\$ <u>170,000</u>	\$ <u>105,000</u>	\$ <u>771,567</u>

Long-term liabilities for business type activities consist of compensated absences of \$66,337 and net OPEB liability of \$28,782 as of June 30, 2010.

Early Retirement

The County approved an early retirement policy during the year ended June 30, 2004. Applicants must submit a written request to the department head at least fourteen days prior to the date the employee wishes to retire. Eligible employees are those who are eligible to retire under the rule of IPERS or those who have a doctor certified disability. The benefits will be a lump sum which will be applicable to the continuance of the employee's health care insurance under the County plan. The lump sum calculation will be the employee's sick leave hours unused at the time of retirement (1/2 of the hours for employees with less than ten years service) times 1/2 of the employee's last hourly pay. A liability has been recorded representing the County's commitment to fund early retirement obligations.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 7: LONG-TERM LIABILITIES (Continued)

Landfill Closure Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as a liability based on landfill capacity used as of each balance sheet date. The \$685,400 reported as estimated liability for landfill closure and postclosure care costs at June 30, 2010, represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the landfill expected to be used before closure. These amounts are based on what it would cost to perform all closure and postclosure care during the year ended June 30, 2010. The County closed the landfill on September 30, 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

In anticipation of State regulations requiring municipal solid waste landfills to demonstrate financial responsibility for the costs of closure and postclosure care, the County has reserved \$1,513,443 as of June 30, 2010 for such purposes. These funds are reflected as reserved fund balance within the Special Revenue, Solid Waste Closure Fund.

Bonds Payable

A summary of the County's June 30, 2010 general obligation bonded indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.60%	\$ 170,000	\$ 115,313	\$ 285,313
2012	3.70%	175,000	112,252	287,252
2013	3.70%	180,000	105,778	285,778
2014	3.85%	190,000	99,118	289,118
2015	3.95%	195,000	91,803	286,803
2016-2020	4.00%-4.40%	1,125,000	331,585	1,456,585
2021-2023	4.50%-4.60%	800,000	73,230	873,230
		\$ <u>2,835,000</u>	\$ <u>929,079</u>	\$ <u>3,764,079</u>

During the year ended June 30, 2010, the County retired \$165,000 in General Obligation bonds.

During the fiscal year 2005, the County issued General Obligation Economic Development Bonds on behalf of a contractor for the purpose of building student housing at Wartburg College. Bonds are payable on June 1 and December 1 each year, interest payments commenced December 1, 2004 and principal payments commenced on June 1, 2008.

A summary of the County's June 30, 2010 general obligation economic development bonded indebtedness is as follows:

<u>Year Ending June 30,</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.30%	\$ 105,000	\$ 71,862	\$ 176,862
2012	3.50%	110,000	68,397	178,397
2013	3.60%	115,000	64,548	179,548
2014	3.75%	120,000	60,408	180,408
2015	3.85%	120,000	55,908	175,908
2016-2020	4.00%-4.30%	700,000	201,665	901,665
2021-2023	4.40%-4.50%	500,000	45,515	545,515
		\$ <u>1,770,000</u>	\$ <u>568,303</u>	\$ <u>2,338,303</u>

During the year ended June 30, 2010, the County retired \$100,000 in Economic Development bonds.



## BREMER COUNTY, IOWA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 8: OPERATING LEASE

During the year ended June 30, 2006, the County entered into an agreement to lease a copier. The lease agreement calls for monthly payments over a 60 month term. Future minimum payments under the lease are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Total</u>
2011	\$ <u>1,130</u>

Payments under the operating lease totaled \$1,356 for the year ended June 30, 2010.

#### NOTE 9: PENSION AND RETIREMENT BENEFITS

The County contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.30% of their annual covered salary and the County is required to contribute 6.65% of covered salary. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contributions to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$422,374, \$386,006 and \$337,378, respectively, equal to the required contributions for each year.

#### NOTE 10: RISK MANAGEMENT

Bremer County, Iowa is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 634 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200% of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's annual contributions to the Pool for the year ended June 30, 2010 were \$121,715.

## BREMER COUNTY, IOWA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 10: RISK MANAGEMENT (Continued)

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in the aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2010, no liability has been recorded in the County's financial statements. As of June 30, 2010, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100% of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$300,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### NOTE 11: EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. This plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative service agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contributions for the year ended June 30, 2010 were \$1,064,256.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 11: EMPLOYEE HEALTH INSURANCE PLAN (Continued)

Amounts payable from the Employee Group Health Fund at June 30, 2010 total \$241,988 which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims, and to establish a reserve for catastrophic losses. That reserve was \$62,941 at June 30, 2010 and is reported as a designation of the Internal Service, Employee Group Health Fund net assets. A liability has been established based on the requirements of Government Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Unpaid claims beginning of year	\$ 248,254
Incurred claims (including claims incurred but not reported as of June 30, 2010):	
Current-year events	\$ <u>1,266,806</u>
Payments:	
Current-year events	1,024,818
Prior year events	<u>248,254</u>
Total payments	<u>1,273,072</u>
Unpaid claims end of year	\$ <u>241,988</u>

NOTE 12: RETIREMENT FACILITY REVENUE BONDS

The County has issued a total of \$17,715,000 of retirement facility revenue bonds under the provisions of Chapter 419 of the Code of Iowa. At June 30, 2010, the outstanding balance of retirement facility revenue bonds is \$16,230,000. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed and the bond principal and interest do not constitute liabilities of the County.

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The County operates a single-employer retiree benefit plan which provides medical benefits for retirees and their spouses. There are 121 active and 4 retired members in the plan.

The medical coverage is provided through a partially self-funded insurance plan with stop loss coverage administered by Wellmark. Retirees under age 65 pay the same premium for the medical benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the County. The County currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

The following table shows the components of the County's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the County's net OPEB obligation:

Annual required contribution	\$ 86,912
Interest on net OPEB obligation	1,397
Adjustment to annual required contribution	<u>(749)</u>
Annual OPEB obligation	87,560
Contributions made	<u>(31,043)</u>
Increase in net OPEB cost	56,517
Net OPEB obligation beginning of year	<u>55,869</u>
Net OPEB obligation end of year	\$ <u>112,386</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the County contributed \$31,043 to the medical plan.

The County's Annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ <u>87,560</u>	35.5%	\$ <u>112,386</u>

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$665,992 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$665,992. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,366,465 and the ratio of the UAAL to covered payroll was 12.41%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

BREMER COUNTY, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 13: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

As of the July 1, 2008 actuarial valuation date, the entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the County's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from expected IPERS retirement dates and applying a modest termination rate.

Projected claim costs of the medical plan are \$461.73 per month. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 14: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2009 have been reclassified to conform with the June 30, 2010 presentation.

NOTE 15: LITIGATION

The County Attorney reported that as of June 30, 2010, various claims and lawsuits were on file against the County. The probability of loss, if any, is undeterminable.

NOTE 16: PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2010, it was discovered that the Other Post Employment Benefits liability had been entirely recorded as governmental activities the previous fiscal year. As a result, net assets of Governmental Type Activities and Business Type Activities as of June 30, 2009 have been adjusted by \$14,308. This resulted in the following changes to net assets as of June 30, 2009:

	Governmental Activities	Business Type Activities	Government Wide Total
As previously reported June 30, 2009	\$ 27,320,422	\$ 372,771	\$ 27,693,193
Adjustments	14,308	(14,308)	-
As restated June 30, 2009	\$ <u>27,334,730</u>	\$ <u>358,463</u>	\$ <u>27,693,193</u>

NOTE 17: EVALUATION OF SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 31, 2011, the date which the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

BREMER COUNTY, IOWA

BUDGETARY COMPARISON SCHEDULE OF  
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2010

	<u>Actual</u>	<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
		<u>Original</u>	<u>Final</u>	
<b><u>RECEIPTS:</u></b>				
Property and other County tax	\$ 7,933,507	\$ 7,864,219	\$ 7,864,219	\$ 69,288
Interest and penalty on property tax	49,598	20,000	20,000	29,598
Intergovernmental	5,210,397	5,727,432	5,850,432	(640,035)
Licenses and permits	294,016	280,200	280,200	13,816
Charges for service	859,769	791,575	791,575	68,194
Use of money and property	463,511	338,915	338,915	124,596
Miscellaneous	497,152	468,931	468,931	28,221
Total receipts	<u>15,307,950</u>	<u>15,491,272</u>	<u>15,614,272</u>	<u>(306,322)</u>
<b><u>DISBURSEMENTS:</u></b>				
Public safety and legal services	2,950,907	3,168,504	3,168,504	217,597
Physical health and social services	583,381	646,548	655,848	72,467
Mental health	1,954,365	2,351,786	2,351,786	397,421
County environment and education	1,123,550	1,224,542	1,252,142	128,592
Roads and transportation	3,833,500	3,875,280	3,875,280	41,780
Governmental services to residents	665,020	674,464	680,808	15,788
Administration	1,596,870	1,749,882	1,749,882	153,012
Nonprogram	68,328	-	123,000	54,672
Debt service	465,060	465,061	465,061	1
Capital projects	670,170	2,285,629	2,480,629	1,810,459
Total disbursements	<u>13,911,151</u>	<u>16,441,696</u>	<u>16,802,940</u>	<u>2,891,789</u>
Excess (deficiency) of receipts over (under) disbursements	1,396,799	(950,424)	(1,188,668)	2,585,467
Other financing sources, net	<u>200,975</u>	<u>500</u>	<u>500</u>	<u>200,475</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,597,774	(949,924)	(1,188,168)	2,785,942
<b><u>BALANCE - Beginning of year</u></b>	<u>10,845,005</u>	<u>8,646,963</u>	<u>8,646,963</u>	<u>4,154,399</u>
<b><u>BALANCE - End of year</u></b>	<u>\$ 12,442,779</u>	<u>\$ 7,697,039</u>	<u>\$ 7,458,795</u>	<u>\$ 6,940,341</u>

BREMER COUNTY, IOWA

BUDGET TO GAAP RECONCILIATION  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2010

	<u>Governmental Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Revenues	\$ 15,307,950	\$ 43,564	\$ 15,351,514
Expenditures	<u>13,911,151</u>	<u>(273,106)</u>	<u>13,638,045</u>
Net	1,396,799	316,670	1,713,469
Other financing sources, net	200,975	-	200,975
Beginning fund balance	<u>10,845,005</u>	<u>(73,629)</u>	<u>10,771,376</u>
Ending fund balance	\$ <u>12,442,779</u>	\$ <u>243,041</u>	\$ <u>12,685,820</u>



BREMER COUNTY, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

YEAR ENDED JUNE 30, 2010

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$361,244. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2010, disbursements did not exceed the amounts budgeted.

BREMER COUNTY, IOWA

SCHEDULE OF FUNDING PROGRESS FOR THE  
RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

<u>Year</u> <u>Ended</u> <u>June 30,</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b - a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>( (b-a)/c )</u>
2010	July 1, 2008	\$ -	\$ <u>665,992</u>	\$ <u>665,992</u>	0.00%	\$ <u>5,366,465</u>	12.41%
2009	July 1, 2008	\$ -	\$ <u>665,992</u>	\$ <u>665,992</u>	0.00%	\$ <u>5,827,510</u>	11.43%

See Note 13 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress.

## OTHER SUPPLEMENTARY INFORMATION

BREMER COUNTY, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2010

<u>ASSETS</u>	<u>Special Revenue</u>				
	<u>LOSST</u>	<u>Urban Renewal</u>	<u>Federal Drug Money</u>	<u>Tri County Drug Money</u>	<u>LOSST Sinking Fund</u>
Cash and pooled investments	\$ 1,325,254	\$ 2,033	\$ 5,244	\$ 51,479	\$ 27,268
Receivables:					
Accounts	875	-	-	-	-
Due from other governments	<u>75,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,401,186</u></b>	<b>\$ <u>2,033</u></b>	<b>\$ <u>5,244</u></b>	<b>\$ <u>51,479</u></b>	<b>\$ <u>27,268</u></b>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES:</u>					
Unreserved, reported in:					
Special revenue	1,401,186	2,033	5,244	51,479	27,268
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,401,186</u>	<u>2,033</u>	<u>5,244</u>	<u>51,479</u>	<u>27,268</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>1,401,186</u></b>	<b>\$ <u>2,033</u></b>	<b>\$ <u>5,244</u></b>	<b>\$ <u>51,479</u></b>	<b>\$ <u>27,268</u></b>

## Special Revenue

LOSST Reserve Fund	Economic Revolving Fund	Resource Enhancement and Protection	Recorder's Records Management	Recorder's Electronic Transactions	Rural Enterprise	Convenience Center Closure Fund	Solid Waste Fee	Drainage Districts	Conservation Land Acquisition	HHM Financial Assurance
\$ 578,331	\$ 127,439	\$ 22,223	\$ 1	\$ 27	\$ 22,977	\$ 4,000	\$ 15,459	\$ 2,719	\$ 245,906	\$ 3,000
-	-	-	420	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
<u>\$ 578,331</u>	<u>\$ 127,439</u>	<u>\$ 22,223</u>	<u>\$ 421</u>	<u>\$ 27</u>	<u>\$ 22,977</u>	<u>\$ 4,000</u>	<u>\$ 15,459</u>	<u>\$ 2,719</u>	<u>\$ 245,906</u>	<u>\$ 3,000</u>
\$ -	\$ -	\$ 1,980	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,980	-	-	-	-	-	-	-	-
578,331	127,439	20,243	421	27	22,977	4,000	15,459	2,719	245,906	3,000
-	-	-	-	-	-	-	-	-	-	-
<u>578,331</u>	<u>127,439</u>	<u>20,243</u>	<u>421</u>	<u>27</u>	<u>22,977</u>	<u>4,000</u>	<u>15,459</u>	<u>2,719</u>	<u>245,906</u>	<u>3,000</u>
<u>\$ 578,331</u>	<u>\$ 127,439</u>	<u>\$ 22,223</u>	<u>\$ 421</u>	<u>\$ 27</u>	<u>\$ 22,977</u>	<u>\$ 4,000</u>	<u>\$ 15,459</u>	<u>\$ 2,719</u>	<u>\$ 245,906</u>	<u>\$ 3,000</u>

## BREMER COUNTY, IOWA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2010

		Capital Projects Rolling Prairie Trail Fund	Total
<u>ASSETS</u>			
Cash and pooled investments		\$ -	\$ 2,433,360
Receivables:			
Accounts		-	1,295
Due from other governments		<u>190,119</u>	<u>265,176</u>
	TOTAL ASSETS	\$ <u>190,119</u>	\$ <u>2,699,831</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable		\$ <u>37,594</u>	\$ <u>39,574</u>
Total liabilities		<u>37,594</u>	<u>39,574</u>
<u>FUND BALANCES:</u>			
Unreserved, reported in:			
Special revenue		-	2,507,732
Capital projects		<u>152,525</u>	<u>152,525</u>
Total fund balances		<u>152,525</u>	<u>2,660,257</u>
	TOTAL LIABILITIES AND FUND BALANCES	\$ <u>190,119</u>	\$ <u>2,699,831</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

	Special Revenue				
	<u>LOSST</u>	<u>Urban Renewal</u>	<u>Federal Drug Money</u>	<u>Tri County Drug Money</u>	<u>LOSST Sinking Fund</u>
<b>REVENUES:</b>					
Property and other County tax	\$ 882,241	\$ 169,453	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	5,400	-
Charges for service	-	-	-	-	-
Use of money and property	42,080	282	7	45	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>924,321</u>	<u>169,735</u>	<u>7</u>	<u>5,445</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Operating:					
Public safety and legal services	-	-	2,172	-	-
County environment and education	-	-	-	-	-
Governmental services to residents	-	-	-	-	-
Debt service	-	175,513	-	-	289,547
Capital projects	-	-	-	-	-
Total expenditures	<u>-</u>	<u>175,513</u>	<u>2,172</u>	<u>-</u>	<u>289,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>924,321</u>	<u>(5,778)</u>	<u>(2,165)</u>	<u>5,445</u>	<u>(289,547)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	289,560
Transfers out	<u>(289,560)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(289,560)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289,560</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	634,761	(5,778)	(2,165)	5,445	13
<b>FUND BALANCES - Beginning of year</b>	<u>766,425</u>	<u>7,811</u>	<u>7,409</u>	<u>46,034</u>	<u>27,255</u>
<b>FUND BALANCES - End of year</b>	<u>\$ 1,401,186</u>	<u>\$ 2,033</u>	<u>\$ 5,244</u>	<u>\$ 51,479</u>	<u>\$ 27,268</u>

Special Revenue						
LOSST Reserve Fund	Economic Revolving Fund	Resource Enhancement and Protection	Recorder's Records Management	Recorder's Electronic Transactions	Rural Enterprise	Convenience Center Closure Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	19,533	-	-	-	-
-	-	-	4,856	-	-	-
-	118	24	76	-	-	-
-	-	-	-	-	1,200	-
-	118	19,557	4,932	-	1,200	-
-	-	-	-	-	-	-
-	-	30,873	-	-	-	-
-	-	-	46,301	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,607	-	-
-	-	30,873	46,301	1,607	-	-
-	118	(11,316)	(41,369)	(1,607)	1,200	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	118	(11,316)	(41,369)	(1,607)	1,200	-
578,331	127,321	31,559	41,790	1,634	21,777	4,000
\$ 578,331	\$ 127,439	\$ 20,243	\$ 421	\$ 27	\$ 22,977	\$ 4,000



BREMER COUNTY, IOWA

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2010

	Special Revenue			
	Solid Waste Fee	Drainage Districts	Conservation Land Acquisition	HHM Financial Assurance
<u>REVENUES:</u>				
Property and other County tax	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,651	-	-	-
Charges for service	-	-	-	-
Use of money and property	-	-	3,320	-
Miscellaneous	-	-	-	-
Total revenues	<u>1,651</u>	<u>-</u>	<u>3,320</u>	<u>-</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety and legal services	-	-	-	-
County environment and education	-	-	9,181	-
Governmental services to residents	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>9,181</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,651</u>	<u>-</u>	<u>(5,861)</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	35,000	-
Transfers out	(8,000)	-	-	-
Total other financing sources (uses)	<u>(8,000)</u>	<u>-</u>	<u>35,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(6,349)</u>	<u>-</u>	<u>29,139</u>	<u>-</u>
<u>FUND BALANCES</u> - Beginning of year	<u>21,808</u>	<u>2,719</u>	<u>216,767</u>	<u>3,000</u>
<u>FUND BALANCES</u> - End of year	<u>\$ 15,459</u>	<u>\$ 2,719</u>	<u>\$ 245,906</u>	<u>\$ 3,000</u>

<u>Capital Projects</u>	
<u>Rolling</u>	
<u>Prairie Trail</u>	
<u>Fund</u>	<u>Total</u>
\$ -	\$ 1,051,694
450,897	477,481
-	4,856
-	45,952
<u>125,000</u>	<u>126,200</u>
<u>575,897</u>	<u>1,706,183</u>
-	2,172
-	40,054
-	46,301
-	465,060
<u>469,762</u>	<u>471,369</u>
<u>469,762</u>	<u>1,024,956</u>
<u>106,135</u>	<u>681,227</u>
-	324,560
-	(297,560)
-	<u>27,000</u>
106,135	708,227
<u>46,390</u>	<u>1,952,030</u>
\$ <u>152,525</u>	\$ <u>2,660,257</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

JUNE 30, 2010

	<u>County Offices</u>		<u>Agricultural</u>
	<u>County</u>	<u>County</u>	<u>Extension</u>
	<u>Auditor</u>	<u>Sheriff</u>	<u>Education</u>
<u>ASSETS</u>			
Cash and pooled investments:			
County Treasurer	\$ -	\$ -	\$ 1,460
Other County officials	15,000	29,819	-
Receivables:			
Accounts	-	-	-
Property tax:			
Delinquent	-	-	1
Succeeding year	-	-	190,901
TOTAL ASSETS	\$ <u>15,000</u>	\$ <u>29,819</u>	\$ <u>192,362</u>
<u>LIABILITIES</u>			
Accounts payable	\$ -	\$ -	\$ -
Due to other governments	-	-	192,362
Trusts payable	15,000	29,819	-
Salaries and benefits payable	-	-	-
Compensated absences	-	-	-
TOTAL LIABILITIES	\$ <u>15,000</u>	\$ <u>29,819</u>	\$ <u>192,362</u>

Schedule 3

<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
\$ 307,221	\$ 89,388	\$ 6,500	\$ 52,315	\$ 1,880	\$ 1,261
-	-	-	-	-	-
-	-	-	-	-	-
1	88	6	79	3	-
<u>456,419</u>	<u>12,812,764</u>	<u>923,956</u>	<u>6,448,738</u>	<u>258,428</u>	<u>-</u>
\$ <u>763,641</u>	\$ <u>12,902,240</u>	\$ <u>930,462</u>	\$ <u>6,501,132</u>	\$ <u>260,311</u>	\$ <u>1,261</u>
\$ 94	\$ -	\$ -	\$ -	\$ -	\$ -
736,839	12,902,240	930,462	6,501,132	260,311	1,261
-	-	-	-	-	-
6,697	-	-	-	-	-
<u>20,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>763,641</u>	\$ <u>12,902,240</u>	\$ <u>930,462</u>	\$ <u>6,501,132</u>	\$ <u>260,311</u>	\$ <u>1,261</u>

BREMER COUNTY, IOWACOMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIESAGENCY FUNDSJUNE 30, 2010

<u>ASSETS</u>	Auto License and <u>Use Tax</u>	<u>Other</u>	<u>Total</u>
Cash and pooled investments:			
County Treasurer	\$ 601,397	\$ 471,560	\$ 1,532,982
Other County officials	-	-	44,819
Receivables:			
Accounts	-	19,593	19,593
Property tax:			
Delinquent	-	-	178
Succeeding year	-	3,071	21,094,277
 TOTAL ASSETS	 \$ <u>601,397</u>	 \$ <u>494,224</u>	 \$ <u>22,691,849</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ -	\$ 4,470	\$ 4,564
Due to other governments	601,397	484,189	22,610,193
Trusts payable	-	-	44,819
Salaries and benefits payable	-	1,699	8,396
Compensated absences	-	3,866	23,877
 TOTAL LIABILITIES	 \$ <u>601,397</u>	 \$ <u>494,224</u>	 \$ <u>22,691,849</u>

BREMER COUNTY, IOWA

COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES

AGENCY FUNDS

YEAR ENDED JUNE 30, 2010

<u>ASSETS AND LIABILITIES</u>	<u>County Offices</u>		
	<u>County Recorder</u>	<u>County Auditor</u>	<u>County Sheriff</u>
Balances beginning of year	\$ -	\$ 15,000	\$ 26,638
Additions:			
Property and other County tax	-	-	-
E911 surcharge	-	-	-
State tax credits	-	-	-
Reimbursements	-	-	-
Office fees and collections	495,251	-	-
Auto licenses, use tax and postage	-	-	-
Assessments	-	-	-
Trusts	-	543	362,447
Miscellaneous	-	-	76,244
Total additions	<u>495,251</u>	<u>543</u>	<u>438,691</u>
Deductions:			
Agency remittances:			
To other funds	383,209	-	77,455
To other governments	112,042	-	-
Trusts paid out	-	543	358,055
Total deductions	<u>495,251</u>	<u>543</u>	<u>435,510</u>
Balances end of year	\$ -	\$ 15,000	\$ 29,819

## Schedule 4

<u>Agricultural Extension Education</u>	<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>City Special Assessments</u>
\$ <u>186,267</u>	\$ <u>635,764</u>	\$ <u>11,498,329</u>	\$ <u>849,081</u>	\$ <u>6,236,838</u>	\$ <u>243,031</u>	\$ <u>9,738</u>
188,290	451,622	12,651,137	912,209	8,216,854	257,432	-
-	-	-	-	-	-	-
7,027	12,906	433,536	31,276	238,190	9,498	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	93,031
-	-	-	-	-	-	-
-	6,440	-	-	-	-	-
<u>195,317</u>	<u>470,968</u>	<u>13,084,673</u>	<u>943,485</u>	<u>8,455,044</u>	<u>266,930</u>	<u>93,031</u>
-	-	-	-	-	-	-
189,222	343,091	11,680,762	862,104	8,190,750	249,650	101,508
-	-	-	-	-	-	-
<u>189,222</u>	<u>343,091</u>	<u>11,680,762</u>	<u>862,104</u>	<u>8,190,750</u>	<u>249,650</u>	<u>101,508</u>
\$ <u>192,362</u>	\$ <u>763,641</u>	\$ <u>12,902,240</u>	\$ <u>930,462</u>	\$ <u>6,501,132</u>	\$ <u>260,311</u>	\$ <u>1,261</u>

BREMER COUNTY, IOWACOMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIESAGENCY FUNDSYEAR ENDED JUNE 30, 2010

<u>ASSETS AND LIABILITIES</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
Balances beginning of year	\$ <u>528,916</u>	\$ <u>413,454</u>	\$ <u>20,643,056</u>
Additions:			
Property and other County tax	-	296,864	22,974,408
E911 surcharge	-	118,225	118,225
State tax credits	-	88,556	820,989
Reimbursements	-	25	25
Office fees and collections	-	65,615	560,866
Auto licenses, use tax and postage	6,206,104	-	6,206,104
Assessments	-	-	93,031
Trusts	-	-	362,990
Miscellaneous	-	5,378	88,062
Total additions	<u>6,206,104</u>	<u>574,663</u>	<u>31,224,700</u>
Deductions:			
Agency remittances:			
To other funds	-	30,614	491,278
To other governments	6,133,623	463,279	28,326,031
Trusts paid out	-	-	358,598
Total deductions	<u>6,133,623</u>	<u>493,893</u>	<u>29,175,907</u>
Balances end of year	\$ <u>601,397</u>	\$ <u>494,224</u>	\$ <u>22,691,849</u>



BREMER COUNTY, IOWA

SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS

	Modified Accrual Basis					
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>REVENUES:</u>						
Property and other County tax	\$ 7,932,721	\$ 7,718,448	\$ 7,268,278	\$ 6,878,411	\$ 6,284,298	\$ 6,052,821
Interest and penalty on property tax	49,598	45,661	47,639	49,600	40,636	42,804
Intergovernmental	5,338,817	5,553,202	4,582,053	3,648,166	3,731,301	4,880,199
Licenses and permits	310,690	288,404	247,059	322,052	221,814	200,170
Charges for service	633,558	661,815	901,004	1,231,011	1,184,065	1,229,355
Use of money and property	592,226	767,094	572,348	376,759	317,050	266,886
Fines, forfeitures and defaults	-	-	-	5,541	2,629	-
Miscellaneous	<u>493,904</u>	<u>319,345</u>	<u>324,838</u>	<u>453,176</u>	<u>366,393</u>	<u>298,883</u>
Total	\$ <u>15,351,514</u>	\$ <u>15,353,969</u>	\$ <u>13,943,219</u>	\$ <u>12,964,716</u>	\$ <u>12,148,186</u>	\$ <u>12,971,118</u>
<u>EXPENDITURES:</u>						
Operating:						
Public safety and legal services	\$ 2,870,066	\$ 2,826,284	\$ 2,697,168	\$ 2,511,977	\$ 2,313,922	\$ 1,953,695
Physical health and social services	562,968	577,372	547,100	534,235	512,458	465,340
Mental health	2,005,729	2,219,420	1,992,300	1,728,055	1,567,486	1,416,369
County environment and education	1,108,565	1,656,288	1,313,002	1,134,194	1,138,378	3,177,166
Roads and transportation	3,709,169	3,430,498	3,432,671	3,521,063	3,569,534	3,401,696
Governmental services to residents	647,335	613,004	527,507	573,163	382,663	462,790
Administration	1,570,439	1,378,310	1,335,826	1,294,252	1,666,265	1,002,011
Non-program	74,016	170,654	-	-	-	3,991
Debt service	465,060	476,511	763,447	689,851	713,348	700,218
Capital projects	<u>624,698</u>	<u>519,651</u>	<u>1,469,981</u>	<u>338,574</u>	<u>1,168,136</u>	<u>3,001,102</u>
Total	\$ <u>13,638,045</u>	\$ <u>13,867,992</u>	\$ <u>14,079,002</u>	\$ <u>12,325,364</u>	\$ <u>13,032,190</u>	\$ <u>15,584,378</u>

<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$ 5,207,785	\$ 4,282,234	\$ 3,932,252	\$ 3,774,894
44,451	44,487	46,391	44,020
3,644,926	3,574,954	3,921,006	4,383,594
155,811	137,844	135,170	114,515
1,274,480	1,167,851	924,484	836,128
223,839	256,342	385,377	518,850
-	-	-	-
<u>373,885</u>	<u>210,365</u>	<u>120,897</u>	<u>180,847</u>
\$ <u>10,925,177</u>	\$ <u>9,674,077</u>	\$ <u>9,465,577</u>	\$ <u>9,852,848</u>
\$ 1,890,744	\$ 1,615,367	\$ 1,507,052	\$ 1,408,421
483,770	411,970	459,202	433,339
1,531,881	1,530,660	1,489,916	1,808,004
1,281,420	920,217	1,181,270	1,491,882
3,377,603	2,962,086	2,896,916	3,073,668
457,446	382,252	356,189	313,480
1,081,711	1,686,453	1,435,514	1,632,714
-	-	-	29,987
965,218	58,181	60,106	62,032
<u>1,994,118</u>	<u>533,767</u>	<u>708,084</u>	<u>301,052</u>
\$ <u>13,063,911</u>	\$ <u>10,100,953</u>	\$ <u>10,094,249</u>	\$ <u>10,554,579</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHERS MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Officials of Bremer County, Iowa:

We have audited the accompanying financial statements of the government activities, the business type activities, each major fund and the aggregate remaining fund information of Bremer County, Iowa, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements listed in the table of contents, and have issued our report thereon dated March 31, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bremer County, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Bremer County, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Bremer County, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings as items 10-II-A and 10-II-C to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item 10-II-B to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bremer County, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Bremer County, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the County's responses, we did not audit Bremer County, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Bremer County, Iowa and other parties to whom Bremer County, Iowa may report including federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Bremer County, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

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Ottumwa, Iowa  
March 31, 2011

BREMER COUNTY, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2010

Part I: Summary of the Independent Auditor's Results

- a. Unqualified opinions were issued on the financial statements.
- b. Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any noncompliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES:

- 10-II-A Segregation of Duties – During our review of internal control, the existing procedures are evaluated in order to determine that incompatible duties, from a control standpoint, are not performed by the same employee. This segregation of duties helps to prevent losses from employee error or dishonesty and, therefore, maximizes the accuracy of the County's financial statements.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the County officials should review the operating procedures of each office to obtain the maximum internal control possible under the circumstances.

Response – We will review procedures and make changes to improve internal control as appropriate and possible.

Conclusion – Response accepted.

- 10-II-B Payroll – During our testing of internal control an Iowa W-4 for one employee could not be located.

Recommendation – The County should maintain the proper payroll withholding forms for each employee.

Response – We will do so from now on.

Conclusion – Response accepted.

- 10-II-C Financial Reporting – Subsequent to the issuance of the financial statements for the year ended June 30, 2009, it was determined that the County's had improperly allocated the net OPEB liability between governmental type and business type activities. This item is discussed in Note 16 of the current year financial statements.

Recommendation – Procedures should be implemented to ensure that proper allocations are made for all financial statement items in the future.

Response – We will do so.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

BREMER COUNTY, IOWA  
SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2010

Part III: Other Findings Related to Required Statutory Reporting

- 10-III-A Certified Budget – Disbursements during the year ended June 30, 2010 did not exceed the amounts budgeted. Proof of publication of the original budget and the 1<sup>st</sup> budget amendment could not be located.

Recommendation – The County should maintain a copy of all required publications in their permanent records.

Response – We will do so from now on.

Conclusion – Response accepted.

- 10-III-B Questionable Expenditures – We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- 10-III-C Travel Expense – No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

- 10-III-D Business Transactions – Business transactions between the County and County officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dennis Miller, Deputy Sheriff, Owner DLM Sales and Service	Supplies	\$ <u>143</u>
Dennis Harverkamp, Engineering, Contract Laborer	Cleaning	\$ <u>1,440</u>

In accordance with the Code of Iowa, the transactions with the two County employees do not appear to represent conflicts of interest since total transactions with each individual were less than \$1,500 during the fiscal year.

- 10-III-E Bond Coverage – Surety bond coverage of County officials and employees is in accordance with statutory provisions.

- 10-III-F Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

- 10-III-G Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

- 10-III-H Resource Enhancement and Protection Certification – The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

- 10-III-I County Extension Office – The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an Extension Council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2010 for the County Extension Office did not exceed the amount budgeted.